

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2020

Docket No. ACR2020

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-13 OF CHAIRMAN'S INFORMATION REQUEST NO. 25

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 25, issued on March 19, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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March 26, 2021

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1. In the *FY 2020 Report*, the Postal Service provides the FY 2020 result for each CX survey.¹ Please provide the result for each CX survey for FY 2020, disaggregated by quarter.

RESPONSE:

The results for each CX survey for FY 2020, disaggregated by quarter, are provided below:

Survey	Q1 FY 2020	Q2 FY 2020	Q3 FY 2020	Q4 FY 2020
Business Service Network (BSN)	96.80	96.96	98.01	97.36
Business Mail Entry Unit (BMEU)	96.13	95.73	97.66	97.08
Point-of-Sale (POS)	88.36	88.54	87.16	86.10
Delivery	81.22	79.60	84.41	77.88
USPS.com	71.07	73.94	75.52	72.29
Customer Care Center (CCC)	59.56	59.54	59.76	61.06
Customer360 (C360)	41.13	40.95	41.99	37.54

¹ *FY 2020 Annual Report* at 37. The CX surveys are Business Service Network, Point of Sale, Delivery, Customer Care Center (CCC), Customer 360 (C360), usps.com, and Business Mail Entry Unit. *Id.*

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2. In a Chairman's Information Request (CHIR) response, the Postal Service provided the result for the Net Promoter Score question on each CX survey for FY 2020, Quarter 4 and FY 2021, Quarters 1 and 2.² For each CX survey, please provide the result for the Net Promoter Score question for FY 2020, Quarters 1, 2, and 3.

RESPONSE:

NPS results for each CX survey for FY 2020, Quarters 1, 2, and 3 are provided below:

Survey	FY 2020 Q1 NPS Result	FY 2020 Q2 NPS Result	FY 2020 Q3 NPS Result
Business Service Network (BSN)	84.58	87.20	88.83
Business Mail Entry Unit (BMEU)	82.49	82.47	88.18
Point-of-Sale (POS)	60.60	59.37	61.29
Delivery	42.57	47.43	59.11
USPS.com	27.9	34.5	39
Customer Care Center (CCC)	13.28	15.14	18.63
Customer360 (C360)	-27.51	-24.96	-17.23
Note: The NPS questions are on a 11-point scale, where 10 means "Extremely Likely" and 0 means "Not at All Likely." NPS= % Promoters (9 & 10) - % Detractors (0 thru 6).			

² Responses of the United States Postal Service to Questions 1-24 of Chairman's Information Request No. 22, March 9, 2021, question 5.b. (Response to CHIR No. 22).

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3. The CCC performance indicator result is calculated based on customer satisfaction with both live agents and the interactive voice response (IVR) telephone system. *FY 2020 Annual Report* at 37 n.2.
- a. Please confirm that to calculate the FY 2020 result, the live agent survey result was weighted 25 percent, and the IVR system survey result was weighted 75 percent. If not confirmed, please describe the methodology for calculating the FY 2020 CCC result, and provide the weights for the live agent and IVR surveys.
 - b. Please confirm that the Postal Service will calculate the FY 2021 CCC result using the same methodology for calculating the FY 2020 CCC result. If not confirmed, please describe the methodology for calculating the FY 2021 CCC result.

RESPONSE:

- a. Confirmed.
- b. Not confirmed. In FY 2021, the Postal Service will use the same CX surveys to measure customer satisfaction. The Postal Service is, however, still reviewing possible changes to how it will calculate the CCC performance indicator in FY 2021 and has not made a final determination about this matter. The Postal Service may, for instance, not attribute the same weights to the CCC interactive voice response (IVR) and live agent survey results FY 2021. The CCC performance indicator will remain 20 percent of the CX Index.

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4. The C360 survey measures satisfaction with issue resolution for customers who file service requests with the Postal Service. *Id.* at 37.
- a. Please describe the most common types of service requests that customers file with the Postal Service.
 - b. Please describe the process for reviewing and responding to service requests once customers file them. In the response, please explain whether and how the Postal Service reviews and responds to service requests at the local, district, area, and national levels.
 - c. Please explain whether and how the Postal Service follows up or contacts customers who indicate on the C360 survey that their issue was not resolved. In the response, please describe actions taken by the Postal Service to ensure that customer issues are responded to and resolved. If the Postal Service does not follow up or contact customers who indicate that their issue was not resolved, please explain why.

RESPONSE:

- a. The most common type of service requests that customer file with the Postal Service are related to Package Inquiries.
- b. Once a customer files a service request with the Postal Service, the service request is always routed to the customer's local Post Office for resolution. Within one business day the local Post Office contacts the customer via their preferred communication channel of choice and strives to resolve his or her case within three business days or less. If a service request is escalated, it is then routed to the district level for resolution.
- c. The Postal Service does not follow up with customers who indicate on the C360 survey that their issues were not resolved. After customers receive

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their final resolution, they can take the C360 survey and/or re-open their service request.

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5. The Postal Service states that in August 2019, it “launched a new customer relationship management platform called Customer 360 (C360) to resolve issues more efficiently.” *Id.*
- a. Please describe the C360 management platform, and explain how the Postal Service uses it to manage CX survey results.
 - b. Please explain how the C360 platform resolves customer issues more efficiently.

RESPONSE:

- a. The Postal Service does not use Customer 360 (C360) to manage CX survey results, but rather uses it to manage customer inquiries. C360 is a cloud-based application that consolidates customer interaction history, provides integrated research tools, and makes knowledge content available in one view. When a customer contacts the Postal Service, his or her customer profile and history of service requests are recorded in C360.
- b. Prior to C360, case management personnel (e.g. the local Post Office or Customer Care Center agents) operated within three different systems to answer calls, respond to online customers, and resolve customer inquiries. C360 consolidates these systems into single application, allowing Customer Care Center agents and local Post Offices to easily access the same information. This enables employees to quickly identify

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issues, promptly respond to customer inquiries, and quickly resolve the customer's issues.

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6. In Docket No. ACR2019, the Postal Service stated that it will release two models focusing on industrial accidents and motor vehicle accidents during FY 2020, Quarter 3 to analyze and forecast accident trends.³ These models would “provide heat map data with overlays of external data such as weather, hazardous intersections, driver safety exceptions, and Google street views.” *Id.*
- a. Please confirm that the Postal Service released the new industrial and motor vehicle accident models in FY 2020. If confirmed, please:
 - b. Describe each model and explain how the Postal Service used these models to analyze and forecast industrial and motor vehicle accident trends in FY 2020.
 - i. Explain how the models affected the number of industrial and motor vehicle accidents in FY 2020.
 - ii. Describe any FY 2021 plans for using these models to analyze and forecast industrial and motor vehicle accident trends.
 - c. If not confirmed, please explain why the Postal Service did not release these models in FY 2020 and describe any plans to release the models in FY 2021 or future years.

RESPONSE:

- a. Not confirmed. The models focusing on industrial accidents and motor vehicle accidents were not completed or released.
- b. Please see the response above.
- c. The Postal Service had to alter its focus to develop dashboards and tools to support COVID-19 response efforts. No plans currently exist to release the models in FY 2021 or in future years.

³ Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-12 of Chairman's Information Request No. 21, March 19, 2020, question 5.

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7. The Postal Service characterizes the FY 2021 Engagement Survey Response Rate target of 51 percent as “aggressive.” *FY 2020 Annual Report* at 44. Please provide the rationale for setting the FY 2021 Survey Response Rate target at 51 percent. In the response, please describe the factors and criteria the Postal Service considered when setting the FY 2021 target. Please also explain whether the Postal Service considered setting a more achievable target given the decline in Engagement Survey Response Rate results between FY 2017 and FY 2020 and why the Postal Service set an aggressive target instead of a more achievable one. See *id.* at 33.

RESPONSE:

The Postal Pulse has been the survey method for just 5 years. Employee Engagement is about improving the work environment by intentionally focusing on those behaviors that drive the 12 elements of engagement at the individual employee and team level. Changing a culture will require consistent messaging, repetition in approach and some aspiration to improve. The 51 percent response rate is what the Postal Service deems acceptable at this point in time and is the target we are striving to achieve.

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8. The Postal Service provided FY 2020 mean scores for each item on the Postal Pulse survey in Response to CHIR No. 23.⁴ Mean scores are based on a 5-point survey scale, with 5 being the highest score and 1 being the lowest score.
- a. Please explain how the Postal Service calculated the Grand Mean Engagement Score and mean scores for each item on the Postal Pulse survey in FY 2020.
 - b. Please explain how the Postal Service evaluates the 5-point survey scale (e.g., 5 is excellent, 4 to 4.99 is very good, 3 to 3.99 is good, below 3 needs improvement).
 - c. With respect to the individual survey item mean scores provided in Response to CHIR No. 23, question 7, please identify the threshold score below which remedial action would be necessary. In the response, please explain how the Postal Service will improve mean scores in FY 2021 for those questions that fell below this threshold in FY 2020.

RESPONSE:

- a. The Postal Pulse survey vendor, the Gallup Organization, calculates the Grand Mean Engagement Score and mean scores for each item on the Postal Pulse survey.
- b. The Postal Service evaluates the 5-point survey scale in many ways. The Gallup Organization provides a mean percentile ranking for each score as a comparison to the Gallup Global Database. The Postal Service also looks at the incremental changes to the scores.
- c. The Postal Pulse survey is a snapshot in time that measures how employees feel about the 12 elements of engagement in their work environment. The Postal Service strives to make incremental improvements across the many teams that make up the

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Postal Service. The Gallup Organization does help to identify those survey items that have experienced a meaningful increase or decrease on the survey results. The calculation varies depending upon the N size of the team. The expectation is that the local leader of the team, in collaboration with the team, will explore changes in the work environment that might be driving a meaningful change. This exploration should lead to team level engagement initiatives to improve the level of engagement.

⁴ Responses of the United States Postal Service to Questions 1-10 of Chairman's Information Request No. 23, March 11, 2021, question 7 (Response to CHIR No. 23).

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9. In the *Analysis of the Postal Service's FY 2019 Annual Performance Report and FY 2020 Performance Plan*, the Commission noted that the Postal Service's efforts to improve Deliveries per Total Workhour (DPTWH) by "right-siz[ing] its equipment needs, add[ing] additional delivery lockers, and deploy[ing] new package automation equipment to reduce workhours [were] generally reasonable" and recognized "the success the Postal Service was able to realize during the FY 2020 Peak Period, in which it was able to improve service performance while simultaneously reducing workhours."⁵ The Commission recommended "that the Postal Service closely study the reasons for the gains achieved during the FY 2020 Peak Period and implement the most significant contributors on a continuous and widespread basis." FY 2019 Analysis at 87.
- a. Please describe in detail any efforts taken by the Postal Service in FY 2020 and thus far in FY 2021 to right-size its equipment needs.
 - b. Please describe in detail any efforts taken by the Postal Service in FY 2020 and thus far in FY 2021 to add additional delivery lockers.
 - c. Please describe in detail any efforts taken by the Postal Service in FY 2020 and thus far in FY 2021 to deploy new package automation equipment.
 - d. Please describe in detail any efforts taken by the Postal Service to study the reasons behind the gains achieved in the FY 2020 Peak Period and implement the most significant contributors.

RESPONSE:

- a. In FY 2020, the Postal Service's equipment inventory was reduced by roughly 711 letter and flat sorting machines. Approximately 116 letter and flat sorting machines have been reactivated in FY 2021. The Postal Service continues to evaluate its package sorting capacity compared to package volume growth. The Postal Service plans to purchase and deploy additional sorting machines in places where there is a

⁵ Docket No. ACR2019, *Analysis of the Postal Service's FY 2019 Annual Performance Report and FY 2020 Performance Plan*, June 1, 2020, at 87 (FY 2019 Analysis).

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shortfall in capacity. The Postal Service is currently reviewing operating plans and machine sets in facilities that process letters and flats on a case-by-case basis to determine whether their capabilities are within expectation. Adjustments will be made accordingly for sites that are not meeting expectations. If adjustments include the removal of mail processing equipment, such decisions will be made in accordance with any applicable court orders.

b. The Postal Service revised its Postal Operations Manual (POM) section 632.622a in July 2020. These changes revised the parcel locker ratio in apartment community buildings from 10:1 to 5:1—a change that was necessary to accommodate the increase in package volume. The Postal Service further solicited feedback from the public concerning these changes through the Federal Register (85 FR 82531, December 18, 2020).

Regarding parcel lockers, the Postal Service is utilizing the Parcel Locker Identification Tool (PLIT) to identify opportunity locations for parcel locker deployment. In February 2021 the Postal Service launched a Smart Locker Pilot at 10 Postal locations in Northern Virginia that will allow customers to securely retrieve packages at these Postal locations 24/7 through a computer-based parcel locker. The Postal Service has also been testing its next generation centralized mailbox—the NeighborPost—which in essence gives each customer their own parcel locker.

c. The Postal Service is deploying 25 Automated Delivery Unit Sorters (ADUS) and 13 Small Parcel and Package Sorting System (SPSS). These machines will be deployed in 38 plants by November 2021. Site surveys are being completed at present,

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and the first machine will be installed in April 2021. One or more machines will be installed in each ensuing week until completion.

d. Efforts to study the reasons behind the gains achieved in the FY 2020 Peak Period were disrupted by the onset of the COVID-19 pandemic. However, the Postal Service attributes the success of the FY 2020 Peak Period to its timely planning efforts, especially with regards to hiring, maintenance, and expanded annex space.

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- 10.** In the *FY 2019 Analysis*, the Commission recommended “that the Postal Service continue to utilize and develop tools that allow for improved service performance without additional workhours as well as year-over-year improvements in workhour usage.” *Id.* at 85.
- a. Please explain in detail any efforts to utilize and develop tools to improve service performance without having to use additional workhours during FY 2020 and thus far in FY 2021.
 - b. Please discuss the impact that any such efforts had on the FY 2020 DPTWH % Change performance indicator result.

RESPONSE:

- a. One strategy to potentially improve service performance without adding workhours may be to achieve more success in maintaining FIFO (first-in-first-out) processing. As explained in the responses to questions 3 and 4 of ChIR No. 24 (filed March 18, 2021), deviations from FIFO can lead to service failures. On the other hand, better adherence to FIFO procedures does not necessarily add workhours. Please see those responses to ChIR 24 for a discussion of the Postal Service's efforts regarding FIFO.
- b. Such efforts would help service but, by definition, would not affect workhours. If these efforts do not affect workhours (the denominator of DPTWH), then likewise they would not be expected to have had any effect on the FY 2020 reported value for DPTWH.

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- 11.** The Postal Service states that in FY 2020 it “continued to focus on its customers’ needs and has increased its investment in mail and package innovation.” *FY 2020 Annual Report* at 45. Please describe how the Postal Service focused on its customers’ needs and increased its investment in mail and package innovation in FY 2020.

RESPONSE:

The Postal Service made substantial investments in package and mail innovation in FY2020. These investments focused on an array of targets, including semi-trailers; equipment for processing packages, including Small Delivery Unit Sorters; upgrades to Automated Package Processing System machines; commercial vehicles for delivery routes and maintenance; and Automated Guided Vehicles for numerous facilities to move mail within facilities and reduce handling costs.

These investments enabled the Postal Service to focus on customers’ needs by ensuring that mail and packages are sorted reliably and efficiently, so that it could continue to provide on-time delivery at low costs. Though the changes in customers’ mailing habits due to COVID-19 caused a significant strain on our network, the impact would have been more severe had we not made these investments.

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- 12.** The Postal Service states that in FY 2020 “[t]otal transportation expenses were \$8.8 billion, \$0.3 billion more than plan, primarily due to increased transportation costs due to significant package volume growth and a sharp reduction in available commercial air lift capacity resulting from the COVID-19 pandemic.” *Id.* at 49. Please explain how the reduction in air lift capacity led to increased transportation expenses.

RESPONSE:

Due to the sharp reduction in commercial lift, more volume was moved to the cargo network. This was achieved by using *ad hoc* or unplanned charters at an increased cost to lift the additional volume.

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13. The Postal Service states that "FY 2020 service performance can best be viewed as a year of two distinct phases: the pre-COVID-19 pandemic period covering the first half of the year, and the COVID-19 period covering the second half of the year." *Id.* at 35. However, in the Postal Service's table listing High-Quality Service results by quarter provided in its response to CHIR No. 22, question 23, there appears to have been a substantial drop off in service performance results between FY 2020, Quarter 3 and FY 2020, Quarter 4 and not between FY 2020, Quarter 2 and FY 2020, Quarter 3. Please provide an explanation for the significant decrease in service performance results between FY 2020, Quarter 3 and FY 2020, Quarter 4.

RESPONSE:

Quarter 3 covers the months of April, May, and June, while Quarter 4 encompasses July, August, and September. As previously explained (for example in the response to ChIR No. 16, Question 3 filed on February 19, 2021), during the weeks following July 10, 2020, the Postal Service's renewed efforts to reduce the number of unnecessary trips contributed in some part to a short-term decrease in on-time service performance due to the failure of processing schedules to align with transportation schedules. The Postal Service made adjustments to processing schedules to better align with the transportation schedules, and those adjustments contributed to an improvement in service performance in August 2020, while the number of unnecessary late and extra trips remained lower than prior to July 2020. Other factors that negatively impacted on-time service performance results during this time period were the spike in COVID-19 in July, along with ongoing employee availability challenges resulting from the pandemic. In addition, factors that may have had some impact include ongoing

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challenges of adjusting to a decline in the volume of letter and flat mail and an increase in package mail volumes.